



GREATER WASHINGTON
Board of Trade

GREATER WASHINGTON BUSINESS OUTLOOK SURVEY

RESEARCH FINDINGS

- ▷ Business Outlook Survey
- ▷ Interview Dates: February 2-10, 2009
- ▷ Sample: 204 CEOs / Business Executives in the Greater Washington DC Region

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Greater Washington Board of Trade Business Outlook Survey

The Greater Washington Board of Trade's Business Outlook Index is based on a survey of 204 business executives in Greater Washington. It measures the current and changing perceptions of the region's business leaders. The data confirms the region's current economic conditions and helps the business community get a sense of future expectations.

The survey is conducted for the Board of Trade by Clarus Research Group, a Washington-based research firm, and made possible through the sponsorship of Tatum LLC, a leading professional services company supporting the Office of the CFO.

Survey Demographics

Respondents based in MD	33%
Respondents based in VA	34%
Respondents based in DC	33%

CEOs/owners	65%
COOs, CFOs, top executives	35%

Pro-profit businesses	83%
Non-profit associations/organizations	17%

Number of employees

Less than 50	31%
50–100	19%
100–500	24%
500–1000	12%
More than 1000	14%

Amount of income derived from local, state or federal government:

Significant amount	19%
Small amount	44%
None	37%

Business Outlook Index

This February 2009 survey establishes the benchmark against which future survey results will be measured.

The Business Outlook Index is based on the Index of Current Conditions and the Index of Future Expectations. The Index of Current Conditions is based on two survey questions and the Index of Future Expectations is based on four survey questions.

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Index of Current Conditions	28
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Index of Future Expectations	54
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Assessment of Current Conditions

The business executives surveyed for this assessment are significantly more positive about Greater Washington's economy than about the national economy. Nonetheless, slightly more than half of business executives surveyed believe that their business's financial situation declined over the past year and that regional economic conditions are thought to be more "bad" than "good."

	Declined	Same	Improved
How has your business's financial situation changed over the past year?	52%	34%	14%

	Mostly Bad	Mostly Good
How do you rate the current NATIONAL business conditions?	92%	2%
How do you rate the current GREATER WASHINGTON REGION business conditions?	53%	28%

Outlook for the Future

Despite difficult economic times, many business executives in this region expect improvement over the next 12 months.

Interestingly, 34 percent expect revenue *growth* over the coming year, leading to their expectations that their business will strengthen over the next 12 months.

On the employment front, one-in-five employers expect to cut jobs while one-in-eight expect to hire more people; nearly two-thirds expect their workforce to stay the same.

	Get Worse	Stay Same	Improve
Greater Washington's business conditions over next 6 months will	25%	42%	32%
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	Decrease	Increase	Same
Number of their employees over the next 6 months will	20%	12%	68%
Revenues over the next year will	26%	34%	39%
Prices and fees charged over the next year will	24%	8%	65%
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	Soften	Same	Strengthen
Business over the next year will	21%	37%	40%

New Investments and Initiatives

Regional business executives are not sitting back and accepting current conditions. A majority expect to take a risk on a new idea or expand products and services in the next few months.

About one-third plan on purchasing new equipment, upgrading computer technology and greening their facilities.

Nearly one-third will beef up advertising and promotion or launch a new branding initiative.

Businesses that plan on doing the following in the next few months:

✦ Take a risk on a new idea	56%
✦ Expand products or services	52%
✦ Upgrade computer technology	36%
✦ Modernize offices, buildings or other facilities to make them more “green” and energy efficient	35%
✦ Purchase new equipment	33%
✦ Increase advertising and promotion	30%
✦ Launch a new branding initiative	30%
✦ Expand or increase office space, plant size, stores or other facilities	12%
✦ Increase spending on professional services such as legal, accounting or other consulting fees	9%

Business Climate: The Region vs. The Rest of U.S.

A very strong majority of business executives surveyed believe it is easier to do business in the Greater Washington region than in the rest of the nation.

Based on what you have experienced, seen, read or heard, do you think it is EASIER or HARDER to do business in the Greater Washington region than it is in most other places in the United States?

Easier	71%
Harder	15%
About the same	7%
Don't know	7%



Top 5 Disadvantages to Doing Business in the Greater Washington Region

Perceived disadvantages of the region's business climate provide policymakers a list of areas for improvement.

The "total disadvantage" numbers includes both "major disadvantages" and "minor disadvantages" responses.

	Major Disadvantage	Total Disadvantage
Regional traffic conditions	59%	91%
Affordability of real estate	36%	84%
Unionization	18%	44%
Local and state tax policies	16%	59%
Area labor costs	14%	71%
Minor Disadvantages		
Crime rate and public safety	10%	44%
Local and state government leadership	9%	30%
Utility and energy costs	7%	45%

Top 10 Advantages to Doing Business in the Greater Washington Region

Business executives were given a list of 19 items and were asked if they were major advantages, minor advantages, minor disadvantages or major disadvantages to doing business in this region. Ten items scored over 80 percent as advantages.

This list provides powerful reasons for companies to do business in Greater Washington and underscores the basis for future economic development in the region.

Major Advantages

Domestic and international air service	92%
Ethnic and cultural diversity	92%
Area colleges and universities	90%
Proximity to federal government agencies	91%
Availability of qualified, skilled employees	89%
The overall quality of life	87%
The mass transit system	87%
Culture of innovation and entrepreneurship	86%
Access to nearby markets	83%
Proximity to international organizations	82%

Minor Advantages

Local and state government leadership	56%
Access to financing and capital	58%

Impact of Stimulus Package on Businesses

A majority of the region's business executives believe the federal stimulus package recently signed into law will directly help their businesses.

On the basis of what you have seen, read or heard about the economic stimulus package, do you expect that over the next year this stimulus program will directly help your business a lot, will directly help your business a little, will directly hurt your business a little, will directly hurt your business a lot or will neither directly help or hurt your business?

Hurt my business a little	5%
Hurt my business a lot	5%
	10%
Help my business a lot	15%
Help my business a little	43%
	58%
Neither help or hurt my business	31%
	31%

Greater Washington Business Outlook Survey

Presented by Greater Washington Board of Trade

The Greater Washington Board of Trade is the Greater Washington region's premier business network and the only local business association representing all industry sectors. Founded in 1889, the Board of Trade enjoys a long history of helping its members' businesses grow by providing content-rich programs, connecting business leaders and marketing Greater Washington's economic opportunities. As Greater Washington's regional business organization, the Board of Trade addresses business concerns that stretch across geographic boundaries, such as transportation, emergency preparedness, green as a competitive advantage and workforce issues.

www.boardoftrade.org

Conducted by Clarus Research Group

Clarus Research Group is a full-service and nonpartisan survey research firm based in Washington, D.C. Clarus provides a full range of polling and market research services to corporate, association, nonprofit and public affairs clients. Clarus conducts public opinion surveys, focus groups, dial sessions, branding studies and media research. It is headed by Dr. Ron Faucheux, who also teaches at the Public Policy Institute at Georgetown University.

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